REPORT OF

THE MANITOBA RURAL BUSINESS TASK FORCE

AUGUST 16, 1999

SUMMARY OF TASK FORCE RECOMMENDATIONS
DRAFT

1. Establishment of a $4.5 million program for the retention of employees.

2. Establishment of an interest relief program for businesses in the amount of $3.5 million.

3. Establishment of a program for the deferral of property taxes at a cost of $0.5 million.

Total estimated cost of recommendations ~~is~~ was $8.5 million.

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ABOUT THE RURAL BUSINESS TASK FORCE

The Rural Business Task Force was appointed on July 12, 1999 to look at the results of abnormal rainfall in Manitoba

- The press releases of July 13, 1999 and July 27, 1999 outline the respective mandate and details. Copies are attached.
- The Task Force was to prepare recommendations by August 15, 1999
- Appendix A-1 outlines the Critical Path time frames

- Abnormally high rainfall amounts in certain areas of the province of Manitoba have created problems not only for agricultural producers, but also for rural businesses in the affected areas. In order to determine the effects on rural businesses and the subsequent options for government action, the Rural Business Task Force was appointed.

- **TERMS OF REFERENCE**

The mandate of the Task Force was to provide recommendations to the Province of Manitoba respecting the provision of support to the business community in rural Manitoba as a result of abnormal rainfall in specific regions of the Province. The Task Force would focus on the issues related to the business community.

Specifically, the Task Force would provide recommendations on the following:

- A delineation of the respective areas for consideration for provincial support;
- Identification of eligible businesses which could be considered for provincial support. In addition, it would address the question of which ones may be ineligible, such as real estate, financial institutions, etc.;
- The maximum levels of support to be provided to individual businesses;
- The type of financial support to be made available to businesses;
- The appropriate delivery systems and administrative procedures to be used in the provision of support to the business community, i.e., role of financial institutions, government, etc;
- The duration of the support period; and
- Considerations for the ongoing role of the Task Force.

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➢ WHO IS THE TASK FORCE?

The Rural Business Task Force consists of the following members:

Mr. Bob Rose, Souris, Chairperson
Mrs. Margaret Hodgson, Birtle
Mr. Roy McGillivary, Neepawa
Mr. Bernie Murray, Melita
Mr. Don Penny, Brandon
Mrs. Caroline Sopuck, Lake Audy

➢ TASK FORCE CONSULTATIONS

The following delegations were heard and businesses were visited:

- July 22 – Manitoba Chamber of Commerce and representatives from the Royal Bank, CIBC and Westoba Credit Union
- July 26 – Rural Disaster Recovery Coalition*
- July 29 – Virden, Melita, Deloraine
- July 30 – Shoal Lake, Hamiota
- August 3 – Minnedosa, Neepawa, Killarney, Boissevain, Souris
- August 4 – Westman Economic Development Association
- August 5 – Russell, Grandview, Piney
- August 9 – final receipt of written submissions to the Westman Cabinet Office

The meetings included discussions with the Chambers of Commerce, Implement Dealers' Association and Town and Rural Municipality officials. The Task Force visited over 100 businesses at their establishments with these operations including family businesses and businesses employing from 1 to 30 individuals.

*The Rural Disaster Recovery Coalition is made up of the following membership: Keystone Agricultural Producers, Brandon Chamber of Commerce, Brandon Economic Development Board, Canadian Association of Agri-Retailers, Canada West Equipment Dealers, Manitoba Chamber of Commerce, Association of Manitoba Municipalities, and the Manitoba Cattle Producers Association.

Appendix "C" outlines many of the businesses that were interviewed in the various communities. The intent was to visit a large number of businesses in various sectors..

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WHAT YOU TOLD US

➢ GENERAL

During the consultations the Task Force heard similar comments by businesses and organizations. Suggestions were made for more money to agriculture, employment assistance, interest relief, tax relief and guaranteed loans. In addition, many business owners felt that the full effect of the abnormal rainfall would be seen in the next 12 to 18 months. The general comment was to keep any program simple and streamlined. The overall consensus was not to develop a complicated program such as the AIDA program for farmers. Appendix "A" outlines the basic questions asked of businesses.

➢ AGRICULTURE

Businesses and organizations were almost unanimous in stating that if sufficient money were given to farmers, it would certainly go a long way to solving some of the problems rural businesses are encountering. The general feeling was that if the farmers received fair compensation, it would benefit the rest of the system as the farmers would spend this money in their communities.

➢ EMPLOYMENT ASSISTANCE

Many businesses stated that the retention of skilled staff is of great concern. The feeling is that if businesses were forced to reduce staff in rural communities, these staff would go elsewhere for employment and would not return. Wage subsidies, job sharing and staff training were mentioned as possible solutions to retaining skilled staff in rural communities.

➢ INTEREST RELIEF

Interest relief was mentioned as a possible aid by some businesses. The amount and length of time for interest relief varied greatly. This was generally looked upon as a reduction of current operating expenses to help offset reduced sales.

➢ PROPERTY TAXES

Some form of property tax relief or deferment was mentioned as a help to the current situation. This has become an important item for those in arrears and facing property tax sales.

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➢ GUARANTEED LOANS

The businesses surveyed had varied comments about some form of guaranteed loan. Some businesses favoured it in order to improve cash flow, whereas other businesses were more concerned about handling existing debt rather than taking on new debt.

RECOMMENDATIONS AND RATIONALE

➢ GENERAL

The Rural Business Task Force has addressed these many concerns by recommending various options to businesses. The options are targeted at the areas of the Province most affected by the abnormal rainfall and at businesses which are most affected by this unusual occurrence.

➢ SPECIFIC

- ➢ All program options are to apply to businesses that are in rural municipalities that have less than 75% seeded acreage as per data provided by the Manitoba Crop Insurance Corporation. Refer to Appendix "B" for details on unseeded acreage and respective municipalities.

- ➢ In addition, the affected businesses must have suffered a 25% decrease in gross sales over any three-month period from May 1, 1999 to January 31, 2000 as compared to the previous year for the same three-month period.

- ➢ The business must be a legal business entity in the form of a sole proprietor, partnership or limited company (guideline: evidence of business license, PST or GST number or other third party verification).

- ➢ The business must be a full time business for the owner.

- ➢ Not-for-profit organizations would not be eligible under these programs.

- ➢ Primary producers would not be eligible under these programs.

- ➢ Businesses could be eligible for up to a $65,000 from the 3 programs being recommended.

- ➢ Related businesses could be eligible provided they had a separate set of financial statements and operated in a separate location.

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➢ PROGRAMS FOR CONSIDERATION:

➢ Job Retention – Employment

In order to maintain full time, long term employees in rural areas, the Rural Business Task Force recommends that 50% of wages up to a maximum of $10.00 per hour be paid for this 12-month program. This will encourage employers to retain staff who might otherwise be laid off due to the slowdown. For this purpose staff would be defined as an employee with a minimum of 6 months training at a recognized post secondary institution or 3 years of equivalent on the job training. Support of up to $65,000 could be provided under this initiative for eligible staff.

The maximum cost for this program is $4.5 million with a target of 700 jobs. Manitoba Education & Training and Human Resources Development Canada would be partners in this program.

➢ Interest Relief Program

In order to give some short-term relief to affected businesses, the Rural Business Task Force recommends one year of interest relief on loans up to $35,000 for each business, to a maximum of 8% interest. The loan can be existing and/or new but would not be guaranteed. The program would be administered by Chartered Banks, Credit Unions and Caisses Populaires.

The financial institutions would be asked to consider a deferral of principal payments during this interest-free period for businesses on this program.

The target is 1000 businesses with a total program cost of $3.5 million.

➢ Property Taxes

The Rural Business Task Force recommends that a one year deferral of one year of property taxes be given to eligible businesses by spreading those taxes out over the subsequent three years. The Province would enter into a partnership with the Rural Municipalities and would cover up to 4% of the interest costs for the period of the program. The estimated cost of the program would be $0.5 million.

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➢ OTHER ISSUES:

➢ On-going Role of the Task Force

The decision was made that the Task Force had a focused mandate and had completed this mandate. As such, there was no further need for this Task Force.

➢ The Handling of Exceptions, Fringe Areas and Appeals

The Task Force recommended these issues be the responsibility of the respective administration bodies.

August 16, 1999

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Subject: News Release: Rural Development

MANITOBA GOVERNMENT NEWS RELEASE
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July 12, 1999

RURAL TASK FORCE TO ASSIST

BUSINESSES AFFECTED BY FLOOD

A special task force appointed to assess businesses affected by the flood in southwestern and western Manitoba and facilitate rapid economic recovery was announced today by Rural Development Minister Len Derkach.

"The impact of this flooding has been devastating for both farmers and rural business people," the minister said. "We want provisions in place to provide business assistance as we did following the 1997 Red River flood."

The Rural Business Task Force will begin meeting with businesses immediately in affected communities to determine and allocate the required resources. The task force is expected to report its findings to the provincial government by early August and release applications for financial assistance by mid-August.

"We must assist rural businesses quickly to remain open and offset losses caused by the flooding," Derkach said. "We have to take immediate steps to ensure businesses and jobs are not permanently lost."

The task force will be chaired by Bob Rose, a retired businessperson from the area and a former MLA for the Turtle Mountain Constituency. Other task force members include Margaret Hodgeson, Roy McGillivray, Bernie Murray, Don Penny and Caroline Sopuck.

Derkach said rural businesses and communities have made tremendous gains over the last decade and the province wants to ensure their economic growth continues.

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Manitoba Government
NEWS RELEASE

Manitoba

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July 27, 1999

TASK FORCE TO MEET WITH BUSINESSES AFFECTED BY AGRICULTURE DISASTER

The Rural Business Task Force has begun its fact-finding efforts to assess the impact of excessive rainfall and floods on businesses in southwestern, western and other affected regions of Manitoba, Rural Development Minister Len Derkach and Industry, Trade and Tourism Minister Mervin C. Tweed have announced.

"The intent of the task force is to talk to as many affected business people as we can between now and our Aug. 15 deadline," said Derkach. "In addition, we are encouraging submissions from individuals or groups to the task force."

"The situation faced by businesses in the affected areas is serious and requires immediate action," said Tweed. "This task force will enable us to assess the situation at the local level and create an effective response in a timely fashion to stabilize the economy in the region."

Task force members will be calling directly on business people at their establishments in each community. There will also be a task force member available at the local municipal office for individual entrepreneurs wishing to contact them.

"The task force was struck by the province to undertake a thorough but expedient evaluation of the needs of businesses in the affected areas," said Bob Rose, chair of the task force. "Our goal is to assist businesses during this difficult period and to provide effective support."

- more -

The task force will provide recommendations on the following:

- areas of the province eligible for support;
- eligible businesses;
- levels of support;
- types of support available; and
- appropriate delivery systems.

To date, the task force has met with the Rural Disaster Recovery Coalition, a group of seven organizations representing affected producers, businesses and communities; the Manitoba Chamber of Commerce; and a number of financial institutions. A future meeting is also being planned with the Brandon Chamber of Commerce.

Groups or individuals wanting to provide submissions to the task force can contact the Westman Cabinet Office, 740-18th Street, Brandon, R7A 5B5; telephone (204) 726-6798; fax (204) 726-6797.

The Task Force has established the following schedule of meetings:

Date	Place	Time
July 29	Virden	10:00 a.m.
	Melita	2:00 p.m.
	Deloraine	2:00 p.m.
July 30	Hamiota	2:00 p.m.
	Shoal Lake	10:00 a.m.
August 3	Killarney	10:00 a.m.
	Minnedosa	10:00 a.m.
	Boissevain	2:00 p.m.
	Neepawa	2:00 p.m.
	Souris	5:00 p.m.
August 5	Piney	2:00 p.m.
TBA	Russell	TBA
TBA	Grandview	TBA

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Contact: Harlan Mushumanski, (204) 945-0787
DOC: TaskForce.RD.IT.doc
Business Task Force

July 27, 1999

Appendix A.

Rural Business Task Force

Questions for the Businesses:

1. What do you anticipate the immediate and future impact to be of the abnormal rainfall on your business?
2. What has been the trend in your business over the last 3 - 5 years?
3. What other factors are contributing to the increase or decrease of your business sales?
4. Are you contemplating any staff layoffs, if so, how many? What is your normal staff level over the past 3 years compared to now?
5. What is your most immediate problem - access to capital, cash flow, inventory, payroll?
6. What type of support would be most beneficial to your business?
7. What support programs do you think would be most beneficial to your community?

July 21, 1999

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Critical Path – Rural Business Task Force

←----------July----------→ ←----------August-------5th---------6th----------→

[----------.29th--.30th----------3----4----5----6--------9---10-----12---13----------16----------]

1 4 4 4 5 4 4 6 7 8 9 10

1 Initial meeting July - Finalized terms of reference
2 2nd meeting – MCC, FI – Finalized Questions
3 3rd meeting – Coalition, Schedule Finalized, Preliminary Press Release
4 Business interviews – compiling of information
- Virden/Melita July 29th
- Shoal Lake/Hamiota, July 30th
- Killarney/Boissevain/Souris/Minnedosa/Neepawa, August 3rd
- Piney, August 5th
- Russell/Grandview, August 6th

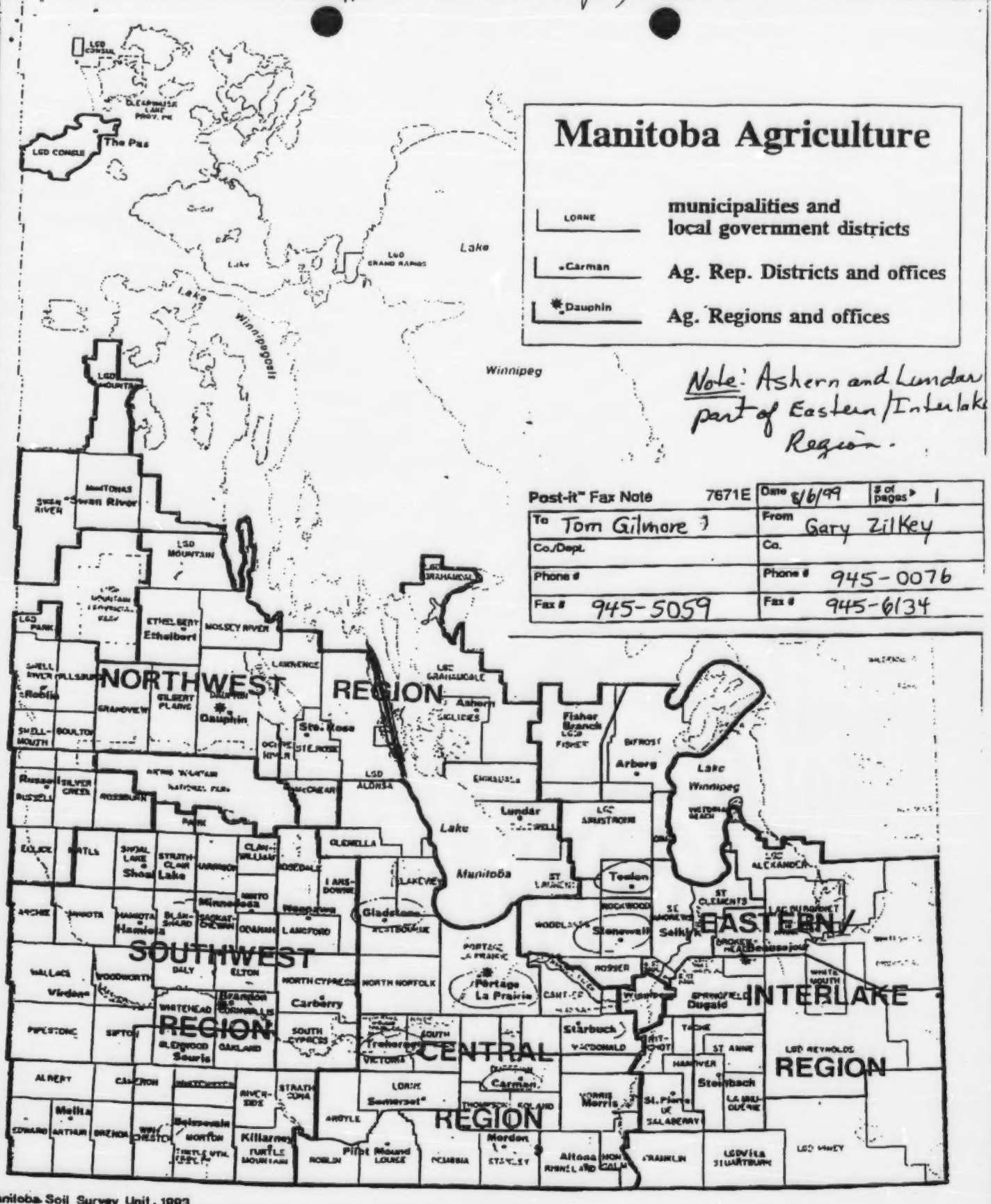
5 Task Force – initial assessment of findings – August 4th
6 Closing date for submissions – August 9th
7 Recap of all information
8 Task Force to provide recommendations
9 Preparation of final report
10 Task Force presentation to Cabinet (Derkach/Tweed/McCrae/Gilleshammer/Cummings)

As At June 23, 1999

APPENDIX B (1 of 2)

Ag Rep District	Total Crop Acres	% Planted	Present Acres Planted	Present Acres Unseeded	
Southwest					
Boissevain	328,289	70	229,802	98,487	
Brandon	357,470	70	250,229	107,241	
Carberry	219,429	90	197,486	21,943	
Hamiota	309,048	80	247,238	61,810	
Killarney	305,738	85	259,877	45,861	
Melita	562,822	35	196,988	365,834	
Minnedosa	310,490	65	201,819	108,672	
Neepawa	272,296	70	190,607	81,689	
Shoal Lake	247,038	90	222,334	24,704	
Souris	355,200	50	177,600	177,600	
Virden	557,042	50	278,521	278,521	
	3,824,862	**64**	**2,452,502**	**1,372,360**	
Northwest					
Dauphin	749,310	95	711,845	37,466	
Russell	323,225	90	290,903	32,323	
Ste Rose	204,838	99	202,790	2,048	
Swan River	632,071	97	613,109	18,962	
	1,909,444	**95**	**1,818,645**	**90,799**	
Central					
Gladstone	282,000	80	225,600	56,400	
Pilot Mound	286,000	90	257,400	28,600	
Somerset	249,000	90	224,100	24,900	
	817,000	**87**	**707,100**	**109,900**	
Eastern Interlake					
Ashern				4,000	
Fisher Branch				4,000	
Lundar				3,000	
Vita				4,000	
				15,000	

APPENDIX E (1 of 1)



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** TOTAL PAGE.01 **

Appendix C

VIRDEN BUSINESS CONTACTS
JULY 27, 1999

NAME OF BUSINESS	LOCATION	CONTACT	PHONE	BUS TYPE
1. Bill Murray Motors	No 1 Hwy	Bill Murray	748-3811	Auto Sales
2. Beaver Lumber Co Ltd.	298 6th Ave S	Allen McPhaden	748-2011	Building Material
3. Grant's Welding & Machine	373 King St E	Delnor Davies	748-3884	Gas & Arc Welding
4. Hay's Drycleaning	525 Nelson	Bud Hay	748-1568	Cleaning
5. Nixon Builders	Cemetery Road	Garth Nixon	748-2353	General Contractor
6. Midwestern Redi-Mix Concrete	440 Hargrave St	Bob Dillabough	748-1592	Redi-mix Concrete
7.Reg's Tire	272 King St. E	Wayne Kreiser	748-4040	Tire sales
8. Morris Sales & Service	No.1 Hwy	Barry Doole	748-2408	Farm Equipment
9. Gowler's Auto & Ag Parts	No.1 Hwy	Scott Gowler	748-2983	Auto Parts
10. Don Cosgrove Esso	Hwy 259 north of No.1	Dan Cosgrove	748-1122	Bulk Fuel
11. Cromer Valley Store	Mark Toews	Main St. Cromer	556-2218	General Store